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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2018/2019

BAC1064 – ACCOUNTING FOR DECISION MAKING

(All sections / Groups)

31 MAY 2019
9.00 am – 11.00 am
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 5 pages with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1**Part A**

Asiatic Lily Salon had the following transactions for the month of January 2018.

1. Shareholders invested RM80,000 cash in exchange for ordinary shares.
(Example answer as below)
2. Purchased salon equipment RM30,000 on account.
3. Paid RM3,000 cash for monthly salon rent.
4. Performed services and received cash payment of RM3,500 for the month.
5. Paid RM860 cash for monthly utility bills.
6. Incurred advertising expense for the month amounted RM380.

Instruction:

- (a) Starting from transaction (2), identify the impact on the accounting equation. For example, answer (1): *Increase Assets, Increase Equity.*

(5 Marks)

Part B

The following financial information relates to Bloom Begonia Berhad for the year 2018.

	(RM)		(RM)
Cash	777,000	Advertising expense	26,000
Office equipment	450,000	Rent expense	40,000
Supplies	22,000	Utilities expense	14,000
Dividends	70,000	Salaries and wages expense	38,000
Service revenue	635,000	Accounts receivable	49,000
Ordinary share capital	800,000	Accounts payable	51,000

Instructions:

- (a) Prepare the Statement of Income for the year ended 31 December 2018.

(5 marks)

- (b) Prepare the Statement of Retained Earnings for the year ended 31 December 2018.

(4 marks)

- (c) Prepare the Statement of Financial Position as at 31 December 2018.

(7 marks)

- (d) Identify and briefly describe the TWO (2) main external users of financial information.

(4 marks)

[TOTAL 25 MARKS]**Continued.....**

QUESTION 2**Part A**

Calla Lily Berhad had the following Trial Balances as at 31 December 2018.

CALLA LILY BERHAD

Trial Balance

As at 31 December 2018

	Debit (RM)	Credit (RM)
Cash	340,000	
Accounts receivable	85,000	
Supplies	67,000	
Prepaid insurance	70,000	
Office equipment	200,000	
Accumulated depreciation – Equipment		20,000
Accounts payable		180,000
Unearned service revenue		42,000
Share capital - ordinary		460,000
Dividend	30,000	
Service revenue		158,000
Rent Expense	50,000	
Utilities expense	18,000	
	<u>860,000</u>	<u>860,000</u>

Additional information as below:

1. Supplies used for the year amounted RM54,000.
2. The prepaid insurance is a two-year insurance policy.
3. Office equipment depreciates 10% per year.
4. RM10,000 of unearned service revenue remained unearned.
5. Incurred salary and wages expense amounted RM55,000.

Instructions:

(a) Prepare the adjusting entries based on above information.

(5 Marks)

(b) Prepare the Adjusted Trial Balance as at 31 December 2018.

(10 Marks)

Continued.....

Part B

The comparative Statements of Income for Delphinium Gallery are as below.

DELPHINIUM GALLERY Comparative Statements of Income For the year ended 31 December	2018 (RM)	2017 (RM)
Sales revenue	285,000	301,000
Less: Sales return and allowances	<u>58,500</u>	<u>65,000</u>
Net sales	<u>226,500</u>	<u>236,000</u>
Less: Cost of goods sold	<u>101,600</u>	<u>121,000</u>
Gross profit	<u>124,900</u>	<u>115,000</u>
Less: Operating expenses		
Selling expense	58,200	65,700
Administrative expense	<u>45,800</u>	<u>45,000</u>
Net Income	<u><u>20,900</u></u>	<u><u>4,300</u></u>

Instruction:

Based on above information, prepare a horizontal analysis for Delphinium Gallery using 2017 as a base year.

(10 marks)

[TOTAL 25 MARKS]

QUESTION 3**Part A**

Freesia Berhad manufacture and distributes Breezy, a sparkling water bottle. The company sold the product for RM1 per unit to retailers, who then charge their customers RM2.50 per unit. For the year 2018, management estimates the following revenues and costs.

	(RM)		(RM)
Sales revenue	98,500	Selling expenses-variable	7,350
Direct materials	12,000	Selling expenses-fixed	4,000
Direct labor	10,000	Administrative expenses-variable	4,450
Manufacturing overhead-variable	5,600	Administrative expenses-fixed	1,500
Manufacturing overhead-fixed	4,000		

Instructions:

(a) Prepare a CVP Income Statement for the year ended 31 December 2018.

(6 marks)

(b) Calculate the break-even point in units by using contribution margin technique.

(4 marks)

Show all workings.

Continued.....

Part B

Petite Rose Berhad incurred the following costs for its cosmetic product for the year 2018.

	(RM)		(RM)
Materials used in product	550,000	Advertising expense	58,000
Depreciation on factory machinery	45,000	Property taxes on plant	20,000
Factory supplies used	33,000	Delivery expense	35,000
Factory labor costs	75,000	Repairs to factory machinery	34,000
Office supplies used	9,200	Office salary expense	24,000
Work-in-process, 1 Jan	70,200	Finished goods, 1 Jan	54,700
Work-in-process, 31 Dec	15,300	Finished goods, 31 Dec	8,100

Instructions:

- (a) Prepare the Statement of Cost of goods manufactured as at 31 December 2018. (10 marks)
- (b) Calculate cost of goods sold. (2 marks)
- (c) Calculate period costs. (3 marks)

[TOTAL 25 MARKS]

QUESTION 4**Part A**

Amaryllis Garden had the following Adjusted Trial Balance as at 31 December 2018.

AMARYLLIS GARDEN
Trial Balance (Adjusted)
As at 31 December 2018

	Debit (RM)	Credit (RM)
Cash	81,000	
Accounts receivable	25,000	
Supplies	33,500	
Bowling equipment	40,000	
Accumulated depreciation – Bowling equipment		7,000
Accounts payable		32,600
Unearned service revenue		24,000
Share capital - ordinary		90,000
Dividend	15,000	
Service revenue		87,000
Depreciation expense – Bowling equipment	7,000	
Salaries and wages expense	24,000	
Utilities expense	15,100	
	<u>240,600</u>	<u>240,600</u>

Continued.....

Instructions:

Based on above information,

- (a) Journalize the closing entries. You may omit explanations. (5 Marks)
 (b) Prepare a Post-Closing Trial Balance as at 31 December 2018. (5 Marks)

Part B

Breathe Orchid Berhad had the following selected information for the year 2018.

BREATHE ORCHID BERHAD
Comparative Statement of Financial Position

	31 December	2018 (RM)	2017 (RM)
ASSETS			
Cash		421,300	335,800
Accounts receivable		87,300	56,100
Inventories		153,500	168,200
Plant assets		180,000	230,000
Accumulated depreciation – Plant assets		75,000	90,000
Total Assets		917,100	880,100
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable		87,200	98,600
Accrued expenses payable		61,300	74,000
		148,500	172,600
Equity:			
Share capital-ordinary		600,000	600,000
Retained earnings		168,600	107,500
Total Liabilities & Equity		917,100	880,100

Additional information:

- Depreciation expense for plant assets for the year amounted RM30,000.
- The company sold plant assets with a book value of RM35,000 (cost RM50,000, less accumulated depreciation RM15,000) for RM40,000 cash.
- Net income for the year was RM126,500.

Instructions:

- (a) Prepare the Statement of Cash Flows until operating activity section for the year 2018, using the indirect method. (9 marks)
- (b) Identify and briefly explain the THREE (3) classifications of cash flows. (6 marks)

[TOTAL 25 MARKS]

End of Page